

WebMemo



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Fukuda May Tack Back on Japan's Assertive Foreign Policy

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Yasuo Fukuda, selected by the ruling Liberal Democratic Party (LDP) to replace Shinzo Abe as prime minister, is an experienced, if uninspiring, consensus builder. While Fukuda's principal opponent, Taro Aso—an outspoken hawk on foreign policy—would have risked alienating Japan's neighbors and the opposition Democratic Party of Japan (DPJ), Fukuda will be more accommodating toward North Korea and China and will be willing to reach across the aisle to the DPJ. Fukuda will be less inclined than Abe to press for removing legal restrictions to allow Japan to assume a larger regional security role, a major change in Japanese policy advocated by Washington, but this will not unduly impact the U.S.–Japan relationship. Expect the new prime minister to focus on domestic economic issues to regain the trust of an angered electorate that punished the LDP in the July upper house election. The length of Fukuda's tenure will depend on his ability to balance conflicting LDP demands for pork barrel spending to appease alienated rural constituencies, once the party's stronghold, with prudent economic policy that improves Japanese competitiveness without growing the deficit.

A Course Correction, Not a Reversal. Despite expectations of drastic policy changes from the reputedly dovish Fukuda, he will likely maintain most of his conservative predecessor's policies, though with some adjustments. The most significant will be the reprioritization of Abe's signature issue: undertaking the constitutional and legal revisions necessary for Japan's self-defense forces to assume new missions and for Japan to play a larger security

role regionally and internationally. Although Fukuda is a proponent of a strong U.S.–Japanese alliance, he does not share Abe's zeal for using Japan's armed forces as a policy instrument or for forming a “broader Asia” partnership of democracies—Japan, India, the U.S., and Australia—to contain China.

While Fukuda will not pursue as U.S.-focused a foreign policy as his predecessor, it would be a mistake to see this as a repudiation of the U.S.–Japan bilateral relationship. Fukuda has vowed to renew legislation or introduce a new bill to allow continued Japanese maritime refueling operations in the Indian Ocean in support of coalition anti-terrorist efforts in Afghanistan. But the prime minister is operating in a more restrictive domestic political paradigm brought about by his party's loss in the upper house election.

Ichiro Ozawa, head of the DPJ, will not back down from his opposition to the refueling mission, because he sees the legislative impasse as an opportunity to force the dissolution of the lower house for a new election, and an electoral win would enable his party to select the next prime minister. The LDP's two-thirds majority in the lower house allows it to override a DPJ veto in the upper house, but this

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will be a last resort for Fukuda, who undoubtedly hopes to avoid confrontation on the issue. A lower house veto override is only possible after a 60-day delay, ensuring that there will be a gap in Japanese participation after the November 1 expiration of the current law.

Reaching Out to Japan's Neighbors. Fukuda will continue Abe's efforts to repair Japan's relations with its neighbors, which were strained by former Prime Minister Junichiro Koizumi's visits to the controversial Yasukuni Shrine. Fukuda has vowed not to make an official visit to the shrine, which other Asian nations say honors past Japanese militarism. A majority of the Japanese public saw Koizumi's visits as problematic and will likely welcome Fukuda's restraint.

More problematic, however, will be Fukuda's vow to show greater flexibility in his administration's approach to North Korea. This may be interpreted as going back on Tokyo's insistence on a full accounting of Pyongyang's kidnapping of Japanese citizens. Although Abe's firm stance on the abductee issue was derided by the academic intelligentsia as marginalizing Tokyo's role in the Six-Party Talks on North Korea's nuclear program, it reflected the will of the populace, which consistently identifies resolving the kidnappings as Japan's foremost foreign policy objective. The Abe administration was concerned that U.S. support for Japan on the abductee issue had weakened and that Tokyo would face increasing pressure from Washington if the issue was seen as an impediment to reaching a follow-on nuclear agreement with North Korea. For both Japan and the U.S., that may no longer be a concern.

Although Fukuda will probably not announce any change in policy on the abductee issue, he may be more willing to accept less from North Korea than Abe. This could be a step toward the normalization of diplomatic relations with Pyongyang. Whether the Japanese electorate will accept it is another question. Barring a major spontaneous shift in the public mood, the Fukuda administration may have to undertake a significant public relations effort to con-

vince the public that the Six-Party Agreement's provisions on the abductions are sufficient.

Mixed Signals. The Fukuda administration faces conflicting objectives in the realm of economic policy. LDP leaders will press for pump-priming initiatives to alleviate the impact that Koizumi's economic reforms have had on rural constituencies. A rural backlash caused the LDP to lose control of the upper house for the first time since 1955. Panicking party leaders have called for increased funding in an effort to regain voter support before the 2009 lower house election.

Fukuda, however, has advocated cutting back on public work projects and continuing economic reform. But many economists are now worried that the siren song of increased government spending will prove hard to resist. This month, Fukuda tempered his stance on reform, saying that the government must "carefully address problems arising from reforms" to alleviate their negative impacts.

The opposition DPJ advocates greater rural funding, as did 31 of the LDP's 47 prefectural leaders in an early September *Asahi Shimbun* survey.¹ Then-LDP General Secretary Taro Aso's stronger-than-expected showing in the LDP campaign for prime minister was due to support from the LDP's prefectural representatives, who responded to Aso's emphasis on addressing economic hardships in the countryside. Efforts to expand spending, however, will face opposition from the finance ministry and international investors, who favor fiscal constraint at a time when the public debt remains high.

Fukuda's intentions remain unclear; he has come down on both sides in recent statements. He has not provided details on his economic policy, admitting that the suddenness of the campaign brought on by Abe's surprise resignation precluded detailed planning. In any case, he will likely be operating within a narrow set of constraints and thus could find it difficult to make big transfers to the rural regions. Fukuda's economic policy will reveal itself over time, as he comments on the introduction of an unpopular consumption tax, adjusts spending on

1. "LDP chapters want leader to narrow income disparities, increase public works," *Asahi Shimbun*, September 18, 2007, at www.asahi.com/english/Herald-asahi/TKY200709180215.html.

rural regions, adjusts or sticks to the balanced-budget target of 2011, and uses (or not) the Council on Economic and Fiscal Policy, created by Koizumi, to push for additional economic reforms.

Conclusion. Slow and steady will characterize Fukuda's administration, with quiet consensus building substituting for what would have been a more confrontational approach by Taro Aso. Fukuda's selection reflects a reassertion of control by LDP faction chiefs, who saw the new prime minister as a greater break from the unpopular Abe than Aso and see the need to rebuild public trust. The appointment—the second selection of a prime minister based on only the popular mandate of the 2005 lower house election—has raised perceptions of a return to backroom politics, generating some support for Ozawa's call for a snap lower house election. Whether Fukuda acquiesces remains to be seen, but he has shown some preliminary interest.

In the near term, Fukuda must be seen as making progress in fixing the government's loss of 50 million pension records and improving conditions in rural constituencies, lest he follow the path of Abe. In working to build broad support, the prime minister is likely to compromise on the gains his predecessors made in asserting a new regional security role for Japan.

The political situation in Japan bears close monitoring by the U.S. Fukuda's quiet professionalism will be severely tested early and often. He must overcome perceptions that he is simply a caretaker prime minister beholden to LDP factional leaders. If he is unable to reverse the LDP's flagging public approval soon, the Japanese ship of state may see another captain forced to walk the plank.

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